



AFGHANISTAN PUBLIC FINANCIAL MANAGEMENT

JULY 2015 – DECEMBER 2017

\$18 MILLION

OVERVIEW

APFM provided advisory services and training programs to Afghan governmental institutions to generate more revenue and improve planning, execution and monitoring of the national budget.

The project worked with the Ministry of Agriculture, Irrigation and Livestock (MAIL), Ministry of Public Health (MoPH), Ministry of Education (MoE), and Ministry of Rural Rehabilitation and Development (MRRD)) to strengthen their public financial management (PFM) systems, thereby contributing to improved execution of their development budgets. On the non-tax revenue (NTR) side, the project assisted ARD to improve collection of non-tax revenue from the Afghanistan Civil Aviation Authority, Ministry of Interior, Ministry of Foreign Affairs, Ministry of Information, and other government entities.

APFM was fully aligned with the National Unity Government's Second Public Financial Management Roadmap (PFMR II) and the rolling Fiscal Performance Improvement Plan (FPIP), a reform-driven institutional development agenda aimed at consolidating donors' public financial management reform activities.

ACTIVITIES

- Conducted a technical and legislative review of property tax policies and legislation and provided recommendations to improve the property tax regime in Afghanistan
- Assisted the ARD in updating tax training and/or reference materials to reflect changes to tax legislation
- Drafted brief policy papers on: 1) dormant taxpayers, 2) tax arrears management, and 3) tax evasion and avoidance
- Supported the Non-tax revenue department (NTRD) in designing and implementing policies and/or procedures (including enforcement mechanisms) to increase non-tax revenue
- Facilitated quarterly meetings between the Ministry of Finance (MoF) and line ministries to evaluate budget processes
- Provided technical assistance to selected line ministries
- Conducted a comprehensive review of the legal framework of Public Financial Management to determine the adjustments needed to encompass recent budgeting reforms, with emphasis on public asset management regulation 1366

ACCOMPLISHMENTS

- Provided technical assistance to Government of Afghanistan in designing and implementing tax policy and tax administration reforms that led to increased domestic revenue over the life of the project
- Contributed to increased tax compliance rate, including filing and voluntary payment on a timely basis by taxpayers
- Provided technical assistance to ARD to implement many taxpayer awareness campaigns
- Produced and submitted to ARD several technical reports with crucial reform recommendations on tax evasion, dormant taxpayers, property taxation, tax arrears management, and tax penalties
- Designed a single-window strategy to transport sector revenue collection, which if adopted, will allow businesses to make e-payments of fees, reduce corruption and its costs to business through system transparency and reduced cash payments, and simplify revenue collection and transfer
- Contributed to implementation of provincial budgeting by Ministries of Agriculture, Rural Rehabilitation and Development, and Public Health and Education
- Increased development budget execution rates (67 percent at end of 2017) in supported ministries – MAIL, MRRD, MoE, and MoPH

Date: May 2019
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